

# THE REPORT OF THE

## STATE OF SOUTH CAROLINA OFFICE OF THE ATTORNEY GENERAL

HENRY McMASTER

### INSURANCE FRAUD DIVISION

### 2009 ANNUAL REPORT



January 2010



## **MESSAGE FROM THE ATTORNEY GENERAL**

It is with pride that I present the 2009 annual report of the South Carolina Insurance Fraud Division to the General Assembly. My office continues the fight against insurance fraud by prosecuting these cases in court and raising awareness of the problem of insurance fraud in our communities.

My office worked diligently in prosecuting these cases in 2009 and was able to secure over 100 fraud convictions again this year. The attorneys in the Insurance Fraud Division strove to protect the victims of insurance fraud, and through our prosecution of insurance fraud, defendants in these cases were ordered to pay a total of \$1,342,324.01 in restitution to the victims of fraud.

During 2009, my office again received over 800 complaints, with a total of 834. As we see the number of complaints remain at this high level, we are reminded that we must continue to be vigilant in our prosecution of these cases. Of the 834 complaints received, the cases were divided as follows: Automobile 59% (493), Personal/Commercial Property 13% (107), Workers' Compensation 10% (82), Health/Medical 9% (80), Disability 3% (26), Life Insurance 2% (17), Premium Fraud 2% (14), and Other 2% (15).

My office was diligent in the fight by continuing to bring the perpetrators of insurance fraud to justice. We were also able to strive to make the victims of fraud whole by



having our courts order that restitution be paid to them. I am proud of our accomplishments in 2009, but the persistence of the problem reminds us that we must continue the fight against insurance fraud.

A handwritten signature in black ink, reading "Henry McMaster". The signature is written in a cursive, flowing style with a large initial "H" and "M".

Henry McMaster



## **MESSAGE FROM THE DIRECTOR OF INSURANCE FRAUD**

On July 1, 1994, the Governor enacted into law the Omnibus Insurance Fraud and Reporting Immunity Act establishing the Insurance Fraud Division of the Office of the Attorney General and mandating the prosecution of insurance fraud by this new division with the South Carolina Law Enforcement Division (SLED) conducting the investigations. The intention of the legislation was to aggressively confront the problem of insurance fraud in South Carolina. The Insurance Fraud Division receives referrals from the Department of Insurance, the South Carolina Worker's Compensation Commission, insurance companies, private citizens, law enforcement agencies, as well as attorneys and private law firms throughout the state of South Carolina.

2009 was a very successful year for our prosecution of insurance fraud. We were able to continue to bring a high number of defendants to court, so our convictions numbered over 100. We were also able to convince the judges in our state to order these defendants to pay over 1.3 million dollars in restitution to the victims of their fraudulent acts and offer these victims some sense that our office and the state of South Carolina understand their loss.

We thank all of the private citizens, insurance professionals and those in law enforcement who reported cases to us in 2009. The referrals received by this office help us begin the process of finding those who commit fraud and prosecuting these cases.



We thank those in the insurance industry who investigate these cases because their participation and cooperation makes our fight against insurance fraud more manageable. We specifically thank the members of the South Carolina Insurance Fraud Investigators (SCI-FI) and the National Insurance Crime Bureau (NICB) for their efforts.

We would also like to thank SCI-FI and NICB for their help in raising awareness of the problem of insurance fraud. In the area of raising awareness, we owe great thanks to the South Carolina Insurance News Service for the great work they do in making the public aware of insurance fraud, and we wish the very best for the outgoing Executive Director of the Insurance News Service, Allison Dean Love.

Attorney General Henry McMaster continues to be a leader in the fight against insurance fraud, and we thank him for his guidance in 2009. We also thank the SLED agents who work tirelessly to investigate these cases. In 2009, the investigators who were specifically assigned to investigate insurance fraud were agents Danny Remion, Ted Shealy, Don Titus, and Bridgett Lott, and they have our thanks for many jobs very well done.

We had a successful year in 2009 and look forward to even greater success in 2010.

A handwritten signature in blue ink, appearing to read 'John C. Potterfield', with a large, stylized loop at the end.

John C. Potterfield  
Director of Insurance Fraud



# CUMULATIVE STATISTICS OF THE INSURANCE FRAUD DIVISION 1995 - 2009

TOTAL COMPLAINTS RECEIVED	9,756
TOTAL FILES OPENED	6,186
CRIMINAL CONVICTIONS	1,200
CIVIL REMEDIES	675

<b>Type of Fraud</b>	<b>Amount Reported</b>
Personal/Commercial Property	\$19,058,043.54
Life Insurance	\$15,448,456.10
Automobile Insurance	\$11,563,287.03
Workers' Compensation	\$8,731,183.87
Health/Medical	\$8,439,654.14
Premium	\$8,258,022.94
Other	\$6,698,377.69
Disability	\$6,628,966.08
<b>TOTAL</b>	<b><u>\$84,825,991.39</u></b>

<b>Types of Monies Collected</b>	<b>Amount Collected</b>
Criminal Restitution	\$4,512,404.08
Civil Penalties	\$1,431,336.73
Civil Restitution	\$1,125,688.76
Criminal Fines	\$315,831.03
<b>Total</b>	<b><u>\$7,385,260.60</u></b>



## **SUMMARY**

### ***Status of Cases – 2009***

#### **Complaints**

Complaints Carried Forward from 2008	238
Complaints Received in 2009	834
Complaints Referred to other Agencies	72
Complaints Unfounded or Declined	331
Files Opened 2009	335
Complaints Carried Forward to 2010	213

#### **Open Files**

Files Opened in 2009	335
Open Files Disposed of 2009	352
Open Files on December 31, 2009	779
Open Files under SLED Investigation as of 12/31/09	619

#### **Disposition**

2009 Convictions	104
2009 Civil Remedies	50

#### **On the Docket**

Indicted Cases as of December 31, 2009	143
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## **MONIES ORDERED AND/OR COLLECTED IN 2009**

### ***Criminal Penalties, Civil Penalties, Fines and Restitution***

The following tables indicate the amounts of fines, penalties, restitution and attorneys' fees that have been ordered paid by the Courts or by a Memorandum of Understanding.

#### **Monies Ordered and/or Collected Pursuant to Court Order**

<b>CRIMINAL</b>	<b>AMOUNT</b>
Court Ordered Fines	\$4,450.00
Restitution Ordered	\$1,337,874.01
<b>TOTAL</b>	<b><u>\$1,342,324.01</u></b>

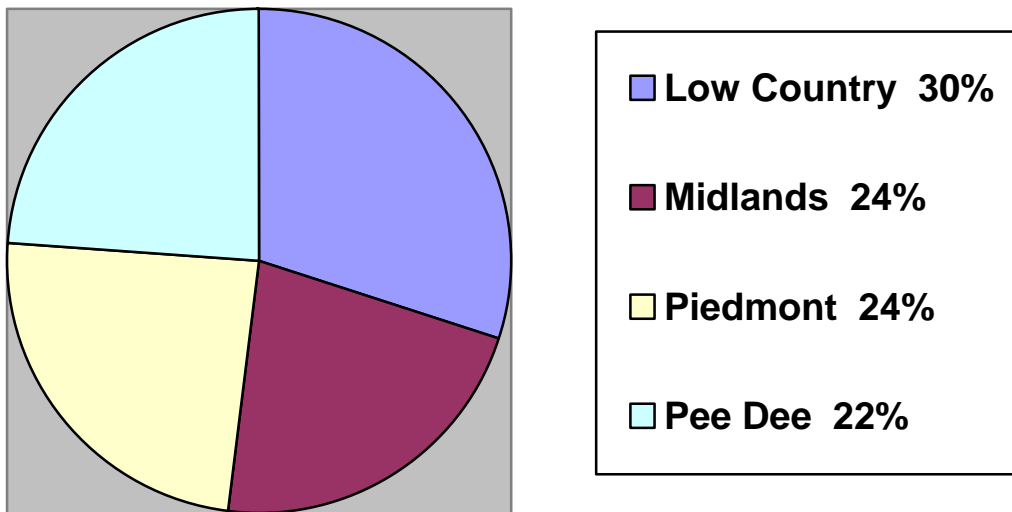
#### **Monies Ordered and/or Collected Pursuant to Civil Disposition**

<b>CIVIL</b>	<b>AMOUNT</b>
Fines Ordered	\$77,669.49
Fines Collected	\$77,669.49
Restitution Ordered	\$8,552.45
Restitution Collected	\$8,552.45
<b>TOTAL ORDERED</b>	<b><u>\$86,221.94</u></b>
<b>TOTAL COLLECTED</b>	<b><u>\$86,221.94</u></b>



## BREAKDOWN OF CASES BY REGION

During 2009, the Insurance Fraud Division of the Attorney General's office opened 335 cases. As the chart below indicates, these cases were received from all areas of the state:



REGION	NUMBER OF CASES	PERCENT OF TOTAL
Low Country	102	30%
Midlands	82	24%
Piedmont	79	24%
Pee Dee	72	22%
TOTAL	335	100%

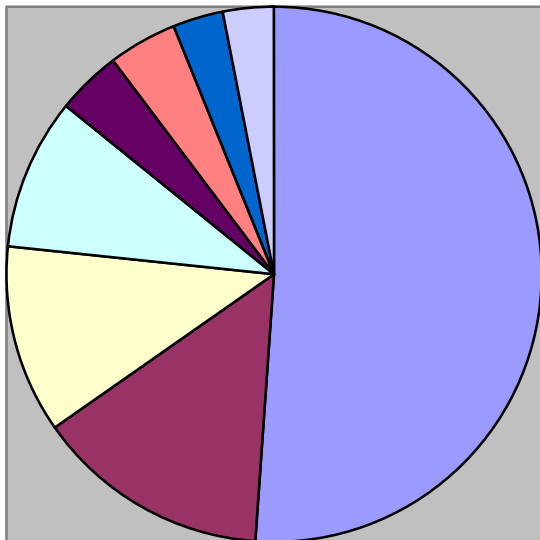


## BREAKDOWN OF COMPLAINTS RECEIVED BY TYPE

The fraud complaints received during 2009 by the Insurance Fraud Division consisted of the following types of fraud:

Type of Fraud	Number of Complaints	Percentage of Total	Amount Reported
Automobile	493	59%	\$378,224.56
Personal/Commercial Property	107	13%	\$1,196,578.29
Workers' Comp	82	10%	\$83,905.41
Health/Medical	80	9%	\$2,091,677.90
Disability	26	3%	\$129,559.93
Life Insurance	17	2%	\$819,467.08
Premium	14	2%	\$43,873.47
Other	15	2%	\$2,213,943.50
<b>TOTAL</b>	<b>834</b>	<b>100%</b>	<b><u>\$6,957,230.14</u></b>

Breakdown of Complaints by Type of Fraud – 2009



- Auto 59%
- Pers/Comm Prop 13%
- Workers' Comp 10%
- Health/Medical 9%
- Disability 3%
- Life Insurance 2%
- Premium 2%
- Other 2%



## BREAKDOWN OF COMPLAINTS BY COUNTY

*Note: Tables may show cases reported with no corresponding dollar amounts. In these cases, no dollar amount could be determined at the time the complaint was received, or the claim had been withdrawn or denied.*

### ABBEVILLE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	3	0	1
Health/Medical	1	0	0
Personal/Commercial Property	1	\$10,701.57	0
Premium	1	0	0
<b>TOTAL</b>	<b>6</b>	<b>\$10,701.57</b>	<b>1</b>

### AIKEN COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	9	\$109.00	2
Disability	3	\$26,267.61	0
Health/Medical	3	\$5,450.00	0
Personal/Commercial Property	2	0	0
Workers' Comp	2	0	0
<b>TOTAL</b>	<b>19</b>	<b>\$31,826.61</b>	<b>2</b>

### ALLENDALE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	3	\$12, 440.71	2
<b>TOTAL</b>	<b>3</b>	<b>\$12, 440.71</b>	<b>2</b>



## ANDERSON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	13	\$1,314.12	2
Health/Medical	1	0	0
Life Insurance	2	\$50,000.00	0
Other	1	0	0
Personal/Commercial Property	9	\$6,235.61	2
Premium Fraud	1	\$6,973.00	0
Workers' Comp	3	0	0
<b>TOTAL</b>	<b>30</b>	<b>\$64,522.73</b>	<b>4</b>

## BAMBERG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	3	0	1
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>1</b>

## BARNWELL COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	1	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>



## BEAUFORT COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	12	0	3
Health/Medical	1	0	0
Other	1	0	0
Personal/Commercial Property	8	\$25,000.00	2
Premium Fraud	1	0	0
Workers' Comp	3	0	0
<b>TOTAL</b>	<b>26</b>	<b>\$25,000.00</b>	<b>5</b>

## BERKELEY COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	20	0	7
Health/Medical	1	0	0
Other	1	0	0
Personal/Commercial Property	3	0	1
Workers' Comp	2	0	1
<b>TOTAL</b>	<b>27</b>	<b>0</b>	<b>9</b>

## CALHOUN COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	3	\$40,000.00	0
<b>TOTAL</b>	<b>3</b>	<b>\$40,000.00</b>	<b>0</b>



## CHARLESTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	38	\$49,495.32	10
Disability	4	\$4,500.00	0
Health/Medical	10	\$700,125.00	3
Life Insurance	3	\$6,055.92	0
Other	1	\$6,100.00	0
Personal/Commercial Property	4	0	2
Premium Fraud	1	0	0
Workers' Comp	13	0	4
<b>TOTAL</b>	<b>74</b>	<b>\$766,276.24</b>	<b>19</b>

## CHEROKEE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	5	0	1
Workers' Comp	1	0	1
<b>TOTAL</b>	<b>6</b>	<b>0</b>	<b>2</b>

## CHESTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	8	0	2
Health/Medical	1	0	0
Workers' Comp	1	0	0
<b>TOTAL</b>	<b>10</b>	<b>0</b>	<b>2</b>



## CHESTERFIELD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	7	\$8,000.00	4
Personal/Commercial Property	2	\$19,500.00	1
<b>TOTAL</b>	<b>9</b>	<b>\$27,500.00</b>	<b>5</b>

## CLARENDON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	2	0	0
Workers' Comp	1	0	0
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>

## COLLETON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	10	\$350.00	4
Health/Medical	1	\$248.04	0
Personal/Commercial Property	2	0	2
Workers' Comp	1	\$14,061.20	0
<b>TOTAL</b>	<b>14</b>	<b>\$14,659.24</b>	<b>6</b>



## DARLINGTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	7	0	2
Life Insurance	1	0	0
Personal/Commercial Property	2	\$30,000.00	1
Premium Fraud	1	\$5,260.00	0
Workers' Comp	2	0	1
<b>TOTAL</b>	<b>13</b>	<b>\$35,260.00</b>	<b>4</b>

## DILLON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	6	0	1
Disability	1	0	0
Workers' Comp	1	0	0
<b>TOTAL</b>	<b>8</b>	<b>0</b>	<b>1</b>

## DORCHESTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	24	\$34,668.29	6
Health/Medical	3	0	1
Personal/Commercial Property	4	\$8,563.44	2
Premium Fraud	1	\$4,734.47	0
Workers' Comp	3	0	0
<b>TOTAL</b>	<b>35</b>	<b>\$47,966.20</b>	<b>9</b>



## EDGEFIELD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	2	\$5,000.00	0
Health/Medical	1	0	0
<b>TOTAL</b>	<b>3</b>	<b>\$5,000.00</b>	<b>0</b>

## FAIRFIELD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	5	\$1,686.71	3
<b>TOTAL</b>	<b>5</b>	<b>\$1,686.71</b>	<b>3</b>

## FLORENCE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	15	\$19,400.00	4
Disability	1	0	0
Health/Medical	3	0	1
Personal/Commercial Property	3	0	1
Workers' Comp	4	0	2
<b>TOTAL</b>	<b>26</b>	<b>\$19,400.00</b>	<b>8</b>



## GEORGETOWN COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	8	0	4
Health/Medical	2	\$5,283.24	1
Personal/Commercial Property	1	\$198,000.00	0
Workers' Comp	1	0	0
<b>TOTAL</b>	<b>12</b>	<b>\$203,283.24</b>	<b>5</b>

## GREENVILLE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	29	\$2,357.58	6
Disability	2	\$8,736.14	0
Health/Medical	8	\$560.00	2
Life Insurance	1	0	0
Other	4	\$2,207,843.50	1
Personal/Commercial Property	9	\$2,800.00	1
Premium Fraud	3	\$406.00	0
Workers' Comp	7	\$3,793.06	1
<b>TOTAL</b>	<b>63</b>	<b>\$2,226,496.28</b>	<b>11</b>

## GREENWOOD COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	6	0	0
Health/Medical	1	0	0
Personal/Commercial Property	4	\$550.00	0
Workers' Comp	2	0	1
<b>TOTAL</b>	<b>13</b>	<b>\$550.00</b>	<b>1</b>



## HAMPTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	6	\$3,780.00	1
<b>TOTAL</b>	<b>6</b>	<b>\$3,780.00</b>	<b>1</b>

## HORRY COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	33	0	10
Disability	1	\$19,619.12	0
Health/Medical	3	\$14,218.95	2
Life Insurance	1	\$2,769.91	0
Other	2	0	0
Personal/Commercial Property	3	0	1
Premium Fraud	1	0	0
Workers' Comp	5	\$6,750.00	0
<b>TOTAL</b>	<b>49</b>	<b>\$43,357.98</b>	<b>13</b>

## JASPER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	9	0	2
Personal/Commercial Property	3	0	0
Workers' Comp	1	0	0
<b>TOTAL</b>	<b>13</b>	<b>0</b>	<b>2</b>



## KERSHAW COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	8	0	1
Disability	1	0	0
Personal/Commercial Property	5	\$4,500.00	1
Workers' Comp	2	0	0
<b>TOTAL</b>	<b>16</b>	<b>\$4,500.00</b>	<b>2</b>

## LANCASTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	2	0	1
Personal/Commercial Property	3	0	2
<b>TOTAL</b>	<b>5</b>	<b>0</b>	<b>3</b>

## LAURENS COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	4	0	0
Disability	1	\$4,759.75	0
Life Insurance	1	\$10,000.00	1
Personal/Commercial Property	1	0	0
<b>TOTAL</b>	<b>7</b>	<b>\$14,759.75</b>	<b>1</b>



## LEE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	2	0	2
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>2</b>

## LEXINGTON COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	24	\$98,506.00	10
Disability	1	\$13,712.20	0
Health/Medical	4	\$11,833.46	1
Personal/Commercial Property	2	\$28,341.87	1
Premium Fraud	1	\$16,500.00	0
Workers' Comp	10	\$31,628.15	1
<b>TOTAL</b>	<b>42</b>	<b>\$200,521.68</b>	<b>13</b>

## MARION COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	8	\$10,000.00	3
Life Insurance	1	0	0
Personal/Commercial Property	2	0	0
Workers' Comp	1	\$27,673.00	0
<b>TOTAL</b>	<b>12</b>	<b>\$37,673.00</b>	<b>3</b>



## MARLBORO COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	2	0	1
Health/Medical	1	0	0
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>1</b>

## McCORMICK COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	6	\$2,500.00	2
<b>TOTAL</b>	<b>6</b>	<b>\$2,500.00</b>	<b>2</b>

## NEWBERRY COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	1	\$581.55	0
Disability	2	\$1,700.00	0
Health/Medical	2	\$1,333.00	0
Personal/Commercial Property	1	0	1
Workers' Comp	1	0	0
<b>TOTAL</b>	<b>7</b>	<b>\$3,614.55</b>	<b>1</b>



## OCONEE COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	3	\$2,045.95	1
Personal/Commercial Property	1	0	1
<b>TOTAL</b>	<b>4</b>	<b>\$2,045.95</b>	<b>2</b>

## ORANGEBURG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	16	\$2,712.00	1
Disability	1	\$1,500.00	0
Health/Medical	3	0	1
Personal/Commercial Property	3	\$833,131.60	0
Premium Fraud	1	\$10,000.00	0
Workers' Comp	2	0	0
<b>TOTAL</b>	<b>26</b>	<b>\$847,343.60</b>	<b>2</b>

## PICKENS COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	5	0	2
Disability	3	\$48,765.11	2
Health/Medical	1	0	0
Life Insurance	1	\$641.25	0
Personal/Commercial Property	1	0	1
Workers' Comp	1	0	0
<b>TOTAL</b>	<b>12</b>	<b>\$49,406.36</b>	<b>5</b>



## RICHLAND COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	50	\$19,900.00	15
Disability	4	0	1
Health/Medical	10	\$1,338,274.21	1
Life Insurance	3	\$250,000.00	0
Personal/Commercial Property	12	\$20,000.00	2
Premium Fraud	1	0	0
Workers' Comp	8	0	3
<b>TOTAL</b>	<b>88</b>	<b>\$1,628,174.21</b>	<b>22</b>

## SALUDA COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Personal/Commercial Property	1	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>0</b>

## SPARTANBURG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	24	\$21,691.11	6
Health/Medical	9	0	2
Life Insurance	1	0	0
Personal/Commercial Property	7	\$9,254.20	0
Premium Fraud	1	0	1
Workers' Comp	1	0	0
<b>TOTAL</b>	<b>43</b>	<b>\$30,945.31</b>	<b>9</b>



## SUMTER COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	20	\$6,834.10	8
Health/Medical	2	0	0
Life Insurance	1	0	0
Other	2	0	0
Personal/Commercial Property	1	0	0
<b>TOTAL</b>	<b>26</b>	<b>\$6,834.10</b>	<b>8</b>

## UNION COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	6	\$1,662.12	1
Personal/Commercial Property	2	0	0
<b>TOTAL</b>	<b>8</b>	<b>\$1,662.12</b>	<b>1</b>

## WILLIAMSBURG COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	4	0	2
Personal/Commercial Property	2	0	0
<b>TOTAL</b>	<b>6</b>	<b>0</b>	<b>2</b>



## YORK COUNTY

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	19	\$23,190.00	3
Disability	1	0	1
Health/Medical	3	0	1
Life Insurance	1	\$500,000.00	0
Other	2	0	0
Personal/Commercial Property	3	0	1
Workers' Comp	3	0	2
<b>TOTAL</b>	<b>32</b>	<b>\$523,190.00</b>	<b>8</b>

## UNKNOWN/OTHER/OUT OF STATE

Type of Fraud	Number of Complaints	Total Amount Reported	2009 Complaints Pending
Automobile	2	0	0
Health/Medical	5	\$14,352.00	0
Other	1	0	0
<b>TOTAL</b>	<b>8</b>	<b>\$14,352.00</b>	<b>0</b>



# **SELECTED STATUTES FROM THE SOUTH CAROLINA CODE OF LAWS PERTAINING TO THE INVESTIGATION AND PROSECUTION OF INSURANCE FRAUD and GLASS COUPONING**

## **§ 38-55-530. Definitions.**

As used in this article:

(A) "Authorized agency" means any duly constituted criminal investigative department or agency of the United States or of this State; the Department of Insurance; the Department of Revenue; the Department of Public Safety; the Workers' Compensation Commission; the State Accident Fund; the Second Injury Fund; the Employment Security Commission; the Department of Consumer Affairs; the Human Affairs Commission; the Department of Health and Environmental Control; the Department of Social Services; the Department of Health and Human Services; the Department of Labor, Licensing and Regulation; all other state boards, commissions, and agencies; the Office of the Attorney General of South Carolina; or the prosecuting attorney of any judicial circuit, county, municipality, or political subdivision of this State or of the United States, and their respective employees or personnel acting in their official capacity.

(B) "Insurer" shall have the meaning set forth in Section 38-1-20(25) and includes any authorized insurer, self-insurer, reinsurer, broker, producer, or any agent thereof.

(C) "Person" means any natural person, company, corporation, unincorporated association, partnership, professional corporation, or other legal entity and includes any applicant, policyholder, claimant, medical providers, vocational rehabilitation provider, attorney, agent, insurer, fund, or advisory organization.

(D) "False statement and misrepresentation" means a statement or representation made by a person that is false, material, made with the person's knowledge of the falsity of the statement, and made with the intent of obtaining or causing another to obtain or attempting to obtain or causing another to obtain an undeserved economic advantage or benefit or made with the intent to deny or cause another to deny any benefit or payment in connection with an insurance transaction and such shall constitute fraud.



**§ 38-55-540. Criminal penalties for making false statement or misrepresentation, or assisting, abetting, soliciting or conspiring to do so; restitution to victims.**

(A) A person who knowingly makes a false statement or misrepresentation, and any other person knowingly, with an intent to injure, defraud, or deceive, or who assists, abets, solicits, or conspires with a person to make a false statement or misrepresentation, is guilty of a:

- (1) misdemeanor, for a first offense violation, if the amount of the economic advantage or benefit received is less than one thousand dollars. Upon conviction, the person must be fined not less than one hundred nor more than five hundred dollars or imprisoned not more than thirty days;
- (2) misdemeanor, for a first offense violation, if the amount of the economic advantage or benefit received is one thousand dollars or more but less than ten thousand dollars. Upon conviction, the person must be fined not less than two thousand nor more than ten thousand dollars or imprisoned not more than three years, or both;
- (3) felony, for a first offense violation, if the amount of the economic advantage or benefit received is ten thousand dollars or more but less than fifty thousand dollars. Upon conviction, the person must be fined not less than ten thousand nor more than fifty thousand dollars or imprisoned not more than five years, or both;
- (4) felony, for a first offense violation, if the amount of the economic advantage or benefit received is fifty thousand dollars or more. Upon conviction, the person must be fined not less than twenty thousand nor more than one hundred thousand dollars or imprisoned not more than ten years, or both;
- (5) felony, for a second or subsequent violation, regardless of the amount of the economic advantage or benefit received. Upon conviction, the person must be fined not less than twenty thousand nor more than one hundred thousand dollars or imprisoned not more than ten years, or both.

(B) In addition to the criminal penalties set forth in subsection (A), a person convicted pursuant to the provisions of this section must be ordered by the court to make full restitution to a victim for any economic advantage or benefit which has been obtained by the person



as a result of that violation, and to pay the difference between any taxes owed and any taxes the person paid, if applicable."

**§ 38-55-170. Presenting false claims for payment.**

A person who knowingly causes to be presented a false claim for payment to an insurer transacting business in this State, to a health maintenance organization transacting business in this State, or to any person, including the State of South Carolina, providing benefits for health care in this State, whether these benefits are administered directly or through a third person, or who knowingly assists, solicits, or conspires with another to present a false claim for payment as described above, is guilty of a:

(1) felony if the amount of the claim is five thousand dollars or more. Upon conviction, the person must be imprisoned not more than ten years or fined not more than five thousand dollars, or both;

(2) felony if the amount of the claim is more than one thousand dollars but less than five thousand dollars. Upon conviction, the person must be fined in the discretion of the court or imprisoned not more than five years, or both;

(3) misdemeanor triable in magistrate's court if the amount of the claim is one thousand dollars or less. Upon conviction, the person must be fined or imprisoned not more than is permitted by law without presentment or indictment by the grand jury.



**§ 38-55-550. Civil penalties for violations of article; costs; payment; use of revenues; Attorney General to assist Insurance Fraud Division; consent agreements.**

(A) In addition to any criminal liability, any person who is found by a court of competent jurisdiction to have violated any provision of this article, including Section 38-55-170, is subject to a civil penalty for each violation as follows:

- (1) for a first offense, a fine not to exceed five thousand dollars;
- (2) for a second offense, a fine of not less than five thousand dollars but not to exceed ten thousand dollars;
- (3) for a third and subsequent offense, a fine of not less than ten thousand dollars but not to exceed fifteen thousand dollars.

(B) The civil penalty must be paid to the director of the Insurance Fraud Division to be used in accordance with subsection (D) of this section. The court may also award court costs and reasonable attorneys' fees to the director. When requested by the director, the Attorney General may assign one or more deputies attorneys general to assist the bureau in any civil court proceedings against the person.

(C) Nothing in subsections (A) and (B) shall be construed to prohibit the director of the Insurance Fraud Division and the person alleged to be guilty of a violation of this article from entering into a written agreement in which the person does not admit or deny the charges but consents to payment of the civil penalty. A consent agreement may not be used in a subsequent civil or criminal proceeding relating to any violation of this article.

(D) All revenues from the civil penalties imposed pursuant to this section must be used to provide funds for the costs of enforcing and administering the provisions of this article.



**§ 39-5-170. Vehicle glass repair business; unlawful practices.**

It is an unfair trade practice and unlawful for a person who is acting on behalf of or engaged in a vehicle glass repair business to offer or make a payment or transfer money or other consideration to:

- (1) a third person for the third person's referral of an insurance claimant to the vehicle glass repair business for the repair or replacement of vehicle safety glass;
- (2) an insurance claimant in connection with the repair or replacement of vehicle safety glass; or
- (3) waive, rebate, give, or pay all or part of an insurance claimant's casualty or property insurance deductible as consideration for selecting the vehicle glass repair business.

**§ 38-55-173. Unlawful vehicle glass repair business practices; penalties.**

(A) A person who is acting on behalf of or engaged in a vehicle glass repair business is guilty of a misdemeanor if the person offers or makes a payment or transfer of money or other consideration to:

- (1) a third person for the third person's referral of an insurance claimant to the vehicle glass repair business for the repair or replacement of vehicle safety glass;
- (2) an insurance claimant in connection with the repair or replacement of vehicle safety glass; or
- (3) waive, rebate, give, or pay all or part of an insurance claimant's casualty or property insurance deductible as consideration for selecting the vehicle glass repair business.

(B) If the amount of the payment or transfer of subsection (A) has a value of:

- (1) one thousand dollars or more, the person, upon conviction, must be fined in the discretion of the court or imprisoned for not more than three years, or both, per violation; or
- (2) less than one thousand dollars, the person, upon conviction, must be fined not more than five hundred dollars or imprisoned for not more than thirty days, or both, per violation.



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